

Neighborhood Stabilization Program

State of Montana

Community Development Division

Community Development Block Grant Program

Background Information on NSP

Where did it come from?

- July 27, 2008: To address the national housing crisis Congress passed the Housing Economic Recovery Act (HERA)
- July 30, 2008: President Bush signed HERA into law



Background Information on NSP

Where did it come from?

- HERA included several sections to address the national housing crisis. Section 2301 provides assistance to states and local governments through Community Development Block Grants
 - Title III of Division B of the Housing and Economic Recovery Act, 2008 (HERA)
 - Section 2301-Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes
- HUD has assigned name of Neighborhood Stabilization Program (NSP)



Neighborhood Stabilization Program

What is it?

- NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.
- The use of grant funds must constitute an eligible use under HERA



Background Information on NSP

- October 6, 2008: HUD publishes the *Federal Register* notice which explains the eligible uses and the alternative requirements to expedite the use of funds
- Treated as CDBG Funds under Title I
- HERA alters several key CDBG provisions



Neighborhood Stabilization Program

How much money?

- HERA provides \$3.92 billion to assist States and localities in redevelopment efforts
- HUD considers these funds a special allocation of 2008 CDBG funds
 - The State is required to submit an amendment to the existing State action plan to secure the allocated funds
- Senator Baucus amended the law to provide that each state will receive a minimum of \$19.6 million
- Montana has received \$19.6 million
 - Amount was determined by formula established by HUD using criteria specified by HERA



Neighborhood Stabilization Program

How much money?

- Allocation to States and localities was based on Need
 - Need is based on number and percent of:
 - Home foreclosures in each State or unit of general local government
 - Homes financed by a subprime mortgage related loan in each State or UGLG
 - Homes in default or delinquency in each State or Unit of General Local Government (UGLG)



Neighborhood Stabilization Program

Who benefits?

- LMI has been expanded to include Low, Moderate and Middle income (LMMI).
- New LMMI tables have been created for each county.
 - http://comdev.mt.gov/CDD_CDBG_NSP.asp



Neighborhood Stabilization Program Eligible Uses

NSP allows the use of ONLY the Low- and Moderate- income (LMI) national objective.

State of Montana currently uses LMI as the national objective.

Uses of NSP Funding

Eligible Use

A. Establish financing mechanisms for purchase & redevelopment of foreclosed upon homes & residential properties including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

Eligible Activities

- As an activity delivery cost for an eligible activity (designing & setting it up)
- Financing of an NSP eligible activity, to carry out that activity, is eligible as part of that activity

Uses of NSP Funding

Eligible Use

Eligible Activities

B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

- Acquisition
- Disposition
- Relocation
- Direct homeownership assistance
- Eligible rehabilitation and preservation activities for homes and other residential properties
- Housing counseling for those seeking to take part in the activity

Uses of NSP Funding

Eligible Use

Eligible Activities

C. Establish land banks for homes that have been foreclosed upon

- Acquisition
- Disposition (includes maintenance)

Uses of NSP Funding

Eligible Use

Eligible Activities

D. Demolish blighted structures	Clearance, for blighted structures only
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Uses of NSP Funding

Eligible Use

Eligible Activities

E. Redevelop demolished or vacant properties

- Acquisition
- Disposition
- Public facilities and improvements
- Housing Counseling Public Services (limited to prospective purchasers or tenants of redeveloped properties)
- Relocation

Uses of NSP Funding

Eligible Use

Eligible Activities

E. Redevelop demolished or vacant properties (continued)

- New housing construction
- Direct homeownership assistance
- 570.204 activities by Community Based Development Organizations



Neighborhood Stabilization Program Eligible Recipients

- The State of Montana
- Any Unit of General Local Government
- Any CDBG Entitlement Community
- Any Indian Tribe
- Any Non-Profit Organization

Neighborhood Stabilization Program

Time Frame

- All funds must be used within 18 months
 - 18 months begins when MT receives its funds from HUD (after amendment has been signed by HUD)
- Use means obligation of funds
- All funds must be expended on NSP activities within 4 years of receipt of funds
 - HUD will recapture and reallocate any funds not expended



Neighborhood Stabilization

What's next?

- The State will need to draft the Amendment to the Action Plan and submit it to HUD on or before DECEMBER 1, 2008
 - Action Plan Amendment will be posted to the Commerce website
 - http://housing.mt.gov/Hous_CP_Apps.asp
 - The amendment will be open for a 15-day public comment period
 - November 13 through November 27
 - Comments can be submitted by phone, fax or email

We welcome any comments!



Neighborhood Stabilization

What's next?

Time is of the essence, we encourage you to start talking about how your community can use NSP funds.

- Is your community interested in accessing the NSP funds?

What are the needs in your community that NSP can help address?

- Greatest Need?
- Greatest Need that can be accomplished in the short timeframe?

Montana Neighborhood Stabilization Program

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Visit our website, it will be updated regularly:

http://comdev.mt.gov/CDD_CDBG_NSP.asp